



COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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Via Electronic & U.S. Mail

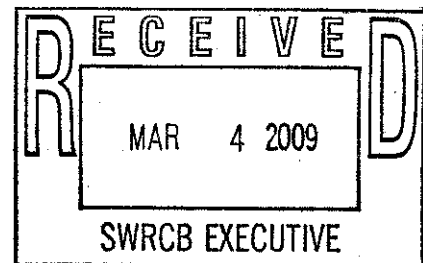
March 4, 2009

File No. 31-370.40.4D

State Water Resources Control Board
1001 "I" Street, 24th Floor
Sacramento, CA 95814

Attention: Ms. Jeanine Townsend, Clerk to the Board

Dear Members of the Board:



Amendment to the Policy for Implementing the CWSRF

The Sanitation Districts of Los Angeles County provide wastewater conveyance, treatment, disposal, and water reuse services to over 5 million people in 78 cities and unincorporated territory within Los Angeles County. As a long-time participant in the SRF program, we recognize the importance of this program and appreciate the opportunity to comment on the recently issued notice of proposed amendments to the *Policy for Implementing the Clean Water State Revolving Fund (CWSRF) for Construction of Wastewater Treatment Facilities*.

As a member of the Stakeholder Advisory Group, we commend the State Board staff for its efforts to improve the CWSRF Program and to make it more attractive to current and future participants. We concur with staff that the vast majority of the changes will improve the overall program and should be adopted. However, there are a few areas (as discussed below) in which minor modifications could be made to clarify intent and insure the timeliness of implementing water quality improvements. Accordingly, we offer some specific comments and suggestions in those areas.

Section IV.A.2 — Development of Regional Water Board Recommendations

The development of the Statewide Project Priority List (Statewide List) has been a long-standing part of the CWSRF program and has always involved the input of the Regional Water Boards. We believe that the involvement of the Regional Water Boards is important to the process and should continue. We are concerned that the proposed policy expands this involvement without a reasonable set of controls. Specifically, the proposed policy states "The Division shall not place a Project on the Statewide List unless the Regional Water Board Executive Officer concurs". Unfortunately, the proposed policy does not provide any criteria under which the Executive Officer may reasonably decline to concur. We would recommend that, at a minimum, the proposed policy be amended to state that "The Regional Water Board Executive Officer shall not unreasonably deny the inclusion of a Project on the Statewide List" and that a provision be included to allow an agency to appeal a lack of concurrence to the State Board Executive Officer.

Section X.H — Effective Date

The current policy excludes from reimbursement construction costs incurred prior to final plans and specifications approval. The proposed policy would revise the cut off date to the date specified as the

beginning of the financing agreement, with which we have no disagreement. However, the proposed policy goes on to state that equipment procurement would likewise be excluded. Because of the extraordinary lead-time for procuring certain types of equipment (e.g. large motors, pumping equipment, turbines for energy production using digester gas), such a requirement could unnecessarily delay the implementation of vital water quality protection. We recommend that the policy not be amended to limit the date of procurement, only that agencies be willing to wait for reimbursement until a financing agreement is reached and that agencies be willing to assume the risk if no financing agreement is ever reached.

Section X.I — Expiration Date(s)

The proposed policy states, "Financing agreements may include appropriate expiration dates." It is unclear what those expiration dates are. From discussions with State Board staff, it appears that the primary intent of this section was to create a time limit between the issuance of a financing agreement and the time construction occurs to ensure that projects actually get built and that CWSRF monies are not unnecessarily tied up. We concur with this intent, but believe the policy should clearly state this.

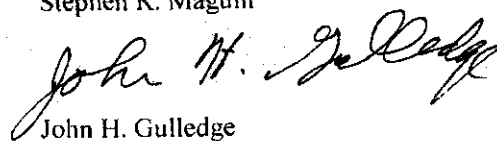
Section XI.B — Approval of Award and Amended Financing Agreement

The latter part of this section deals with the establishment of the Completion of Construction date, which is subsequently used for the determining the recipient's final payment schedule. The proposed policy would require that any request for an extension must be made at least 90 days prior to the Completion of Construction date and that no extensions could be granted by the Division if this requirement is not met. We agree that agencies should notify the Division as early as possible to assist State Board staff in its cash flow management. However, we also recognize that there may be events that occur within 90 days of the Completion of Construction date that are outside of the control of an agency (e.g. an earthquake or major rain storm) that would necessitate an extension. We recommend that the fifth paragraph in this section be modified by adding a sentence that reads "The Division may waive the requirement that a request for extension be made at least 90 days prior to the Completion of Construction date for good cause" and that the last sentence be deleted.

In conclusion, the Sanitation Districts again recognize the importance of the CWSRF Program and applaud the State Board's efforts to improve the Program. We believe that it is an important tool in helping cities and agencies in their ability to comply with environmental regulations and for helping to ensure the sustainability of California's water resources. Our comments are offered in that spirit and we urge you to incorporate them into the proposed policy to ensure that the CWSRF Program is attractive and marketable to all communities throughout the State. We also look forward to the opportunity to comment on proposals related to the implementation of the federal stimulus package as they become available.

Very truly yours,

Stephen R. Maguin



John H. Gullledge
Department Head
Financial Planning Department

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